

**STATE OF CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY  
ARNOLD SCHWARZENEGGER, GOVERNOR**

**CALIFORNIA DEPARTMENT  
OF ALCOHOL AND DRUG PROGRAMS**

**HIGHLIGHTS OF THE  
GOVERNOR'S BUDGET  
FISCAL YEAR 2005-06**

**JANUARY 2005**

**DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS**  
**GOVERNOR'S BUDGET**  
**FISCAL YEAR 2005-06**  
**-HIGHLIGHTS-**

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**TOTAL BUDGET**

The Department of Alcohol and Drug Programs' (ADP) proposed budget for Fiscal Year (FY) 2005-06 is \$613.7 million. This represents a total increase of \$17.4 million (2.9%), as compared to the FY 2004-05 Budget Act appropriation of \$596.3 million. Of the total \$613.7 million, \$570.3 million (92.9%) is for local governments and communities to provide treatment, recovery, and prevention services; and \$43.4 million (7.1%) is for State Support [Exhibit A].

**POSITION SUMMARY**

The proposed budget includes 324.0 positions. There are 2.0 positions included in the proposed budget for the implementation of the Access to Recovery (ATR) Grant.

**GENERAL FUND**

ADP's proposed budget includes \$122.6 million (20.0% of the total proposed budget) in State General Fund (SGF) for ADP programs [Exhibit B]. This represents a 4.5 percent increase in ADP's SGF as compared to the FY 2004-05 total SGF Appropriation of \$117.3 million primarily due to projected Drug Medi-Cal (DMC) increases. Of the \$122.6 million total proposed SGF budget, \$117.4 million (95.8%) is for Local Assistance and \$5.2 million (4.2%) is for State Support [Exhibit C].

The proposed SGF budget includes funding for Non-DMC Regular Discretionary and Non-DMC Perinatal Programs, DMC Regular and DMC Perinatal Programs, the Drug Court Partnership Act, the Comprehensive Drug Court Implementation Act, and the Health Insurance Portability and Accountability Act, which are discussed below in more detail.

**General Fund Local Assistance Discretionary**

The total proposed SGF budget includes \$6.2 million for Non-DMC Regular Discretionary Programs. Of this amount, \$5.8 million is for Local Assistance and the remaining balance of \$413,000 is for State Support [Exhibit C].

**General Fund Local Assistance Perinatal**

The proposed Local Assistance budget continues to include \$23.5 million for Non-DMC Perinatal Programs [Exhibit C].

## **Women and Children's Residential Treatment Services**

Of the proposed funds for ADP's Perinatal Programs, \$6.4 million continues to be earmarked to fund existing residential perinatal treatment programs that started through federal Center for Substance Abuse Treatment grants which have since expired and currently are constituted as Women and Children's Residential Treatment Services.

## **Drug Court Partnership (DCP) Program**

The proposed budget continues to include \$7.8 million for the DCP Act of 2002. Of this amount, \$7.6 million is for Local Assistance and the remaining balance of \$244,000 is for two positions in State Support [Exhibit C]. The focus of DCP activities continues to be exclusively on felons.

## **Comprehensive Drug Court Implementation (CDCI) Program**

The proposed budget continues to include \$9.1 million for the CDCI Act. Of this amount, \$8.9 million is for Local Assistance and the remaining balance of \$175,000 is for two positions in State Support [Exhibit C].

## **DRUG MEDI-CAL**

### **Drug Medi-Cal (DMC) Program**

The DMC program provides medically necessary substance abuse treatment services for eligible Medi-Cal beneficiaries. Services include outpatient drug free, narcotic replacement therapy, day care rehabilitative, Naltrexone, and residential services for pregnant and parenting women.

Based upon the DMC Fall Estimates for FY 2005-06 developed by ADP's Office of Applied Research and Analysis, the proposed Local Assistance budget reflects \$62.8 million in DMC SGF (\$61.5 million Regular and \$1.3 million Perinatal) and \$56.1 million (\$54.8 million Regular and \$1.3 million Perinatal) in DMC federal financial participation (FFP) reimbursements from the Department of Health Services [Exhibit C]. Compared to the FY 2004-05 Budget Act, this represents a SGF increase of \$5.5 million and an FFP increase of \$3.9 million due to projected caseload and unit of service increases. The DMC Fall Estimates assume the continuation of the FY 2002-03 approved DMC rate caps for FY 2005-06.

The Federal Medi-Cal Assistance Percentage (FMAP) is the percentage used to determine the federal share of the Medi-Cal Program. For FY 2005-06, the FMAP continues to be 50 percent.

The proposed budget for State Support includes \$3.5 million in SGF and \$3.5 million in FFP reimbursement for DMC program support [Exhibit C].

**HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)**

This proposed budget includes \$1.8 million (\$0.8 million SGF and \$1 million Reimbursements) in State Support for HIPAA [Exhibit C].

**SUBSTANCE ABUSE TREATMENT TRUST FUND (PROPOSITION 36)**

The proposed budget includes \$120.4 million (19.6% of the total proposed budget) from the Substance Abuse Treatment Trust Fund (SATTF) in support of Proposition 36 activities [Exhibit B]. Of the total proposed SATTF budget, \$116.5 million (96.8%) is for Local Assistance and \$3.9 million (3.2%) is for State Support [Exhibit C].

**FEDERAL FUNDS**

The proposed budget includes \$288.6 million in Federal Trust Funds, which represents 47 percent of ADP's total proposed budget [Exhibit B].

**Substance Abuse Prevention and Treatment (SAPT) Block Grant**

The proposed budget includes \$262.4 million for the Substance Abuse Prevention and Treatment (SAPT) Block Grant [Exhibit C]. Of this \$262.4 million, \$2.0 million will be transferred to the Department of Health Services in compliance with the requirements established for the Sale of Tobacco to Minor Control Account. The remaining \$260.4 million SAPT dollars consist of \$241.9 million for Local Assistance and \$18.5 million for State Support [Exhibit C].

**SAPT Maintenance of Effort (MOE) Requirement**

As a condition of receiving SAPT Block Grant funds, ADP must meet the MOE grant requirement, which requires ADP to maintain non-federal expenditures for substance abuse prevention and treatment services at a specific level. The MOE requirement is derived from a mathematical computation in which the current year's non-federal expenditures cannot be less than the average of those expenditures for the two preceding state fiscal years.

ADP's proposed budget includes \$257.2 million in non-federal expenditures, which is sufficient to meet the MOE requirement of \$250.0 million for FY 2005-06.

**Substance Abuse Treatment and Testing Accountability (SATTA) Program**

The proposed budget continues to include \$8.6 million in SAPT Block Grant funds for the SATTA Program. The SATTA Program provides funding for drug testing for clients treated under the Substance Abuse and Crime Prevention Act of 2000 and can also be used for any other purpose consistent with federal SAPT Block Grant requirements.

**Safe and Drug Free Schools and Communities (SDFSC) Grant**

The proposed budget includes \$12.4 million for the Safe and Drug Free Schools and Communities (SDFSC) Grant. Of this amount, \$10.3 million is for Local Assistance and \$2.1 million is for State Support [Exhibit C].

**State Incentive Grant**

The proposed budget includes \$4.0 million for the State Incentive Grant. Of this amount, \$3.4 million is for Local Assistance and \$600,000 is for State Support [Exhibit C].

**Screening, Brief Intervention, Referral, and Treatment (SBIRT) Grant**

The proposed budget includes \$3.5 million for the SBIRT Grant. The SBIRT Program provides alcohol and other drug (AOD) screening, brief intervention, referral, and treatment and extends the State's current continuum of care for AOD clients. The proposed budget includes \$3.4 million in Local Assistance, with the remaining \$76,000 in State Support [Exhibit C].

**Access to Recovery (ATR) Grant**

The proposed budget includes \$7.6 million in Federal Expenditure Authority for the ATR Grant. This grant was awarded to ADP on August 3, 2004 by the Substance Abuse and Mental Health Services Administration. The ATR Grant will increase substance abuse treatment capacity by implementing a voucher program that expands access to a comprehensive array of clinical alcohol and other drug treatment and recovery services (including faith-based treatment options). The proposed budget includes \$6.4 million in Local Assistance and \$1.2 million in State Support [Exhibit C].

**Ecstasy and Other Club Drugs Grant**

The proposed budget includes \$292,000 in Federal Expenditure Authority for the Ecstasy and Other Club Drugs Grant. This grant was awarded to ADP on September 30, 2004 by the Substance Abuse and Mental Health Services Administration. The Ecstasy and Other Club Drugs Grant will provide prevention and intervention services, as well as mentoring to at-risk middle school and high school students to reduce the risk of early onset experimentation and use of gateway and club drugs. The proposed budget includes \$272,000 in Local Assistance and \$20,000 in State Support [Exhibit C].

**INDIAN GAMING SPECIAL DISTRIBUTION FUND**

The proposed budget includes \$3.0 million in State Support from the Indian Gaming Special Distribution Fund to implement a problem gambling prevention program [Exhibit C].

**DEPENDENCY DRUG COURT PROGRAM**

The proposed budget includes \$900,000 from the Department of Social Services' (DSS) Federal Promoting Safe and Stable Families Fund [Exhibit C]. This supplemental funding for the Comprehensive Drug Court Implementation Program is for planning or expansion of new or existing dependency drug court programs in selected counties. These funds represent the FY 2005-06 portion of the initial \$1.8 million authorized in FY 2004-05.

**SUBSTANCE ABUSE SERVICES FOR INDIAN HEALTH CLINICS**

The proposed budget includes \$2.1 million to fund substance abuse services in Indian Health Clinics. These funds are a reimbursement from DSS. The proposed budget includes \$1.9 million in Local Assistance and \$200,000 in State Support [Exhibit C].

**WELFARE REFORM – CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS)**

Substance abuse can limit or impair a CalWORKs participant's ability to make the transition from welfare to work, or retain employment over a long period of time. The proposed budget for DSS includes \$45.0 million SGF for the provision of treatment and recovery services to CalWORKs recipients for whom substance abuse is a barrier to employment. This is a decrease of \$3.0 million from the FY 2004-05 funding level, based on an anticipated caseload decline. The CalWORKs SGF for substance abuse will continue to be specifically identified in DSS' county allocation.

**CLIENTS SERVED**

The proposed budget estimates that there will be 428,400 clients served in FY 2005-06. Of the total served, it is estimated that 70,100 will be DMC clients and 110,600 will be Substance Abuse and Crime Prevention Act (SACPA) clients.

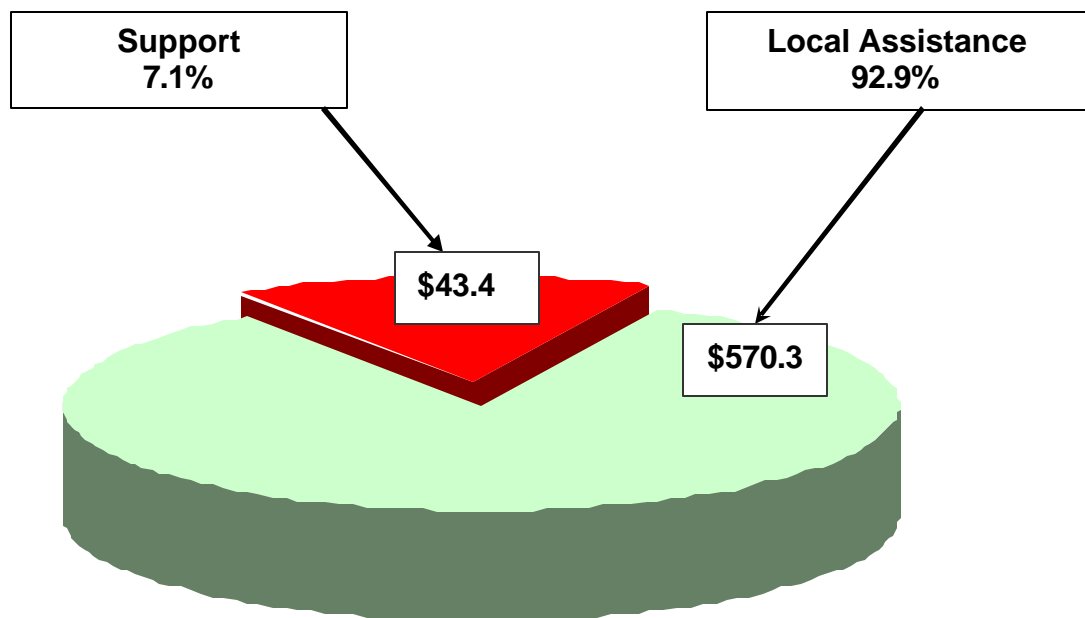
## EXHIBIT A

### Department of Alcohol and Drug Programs Governor's Budget Fiscal Year 2005-06

#### Budget By Category

(\$ In Millions)

**Total Governor's Budget  
\$613.7**

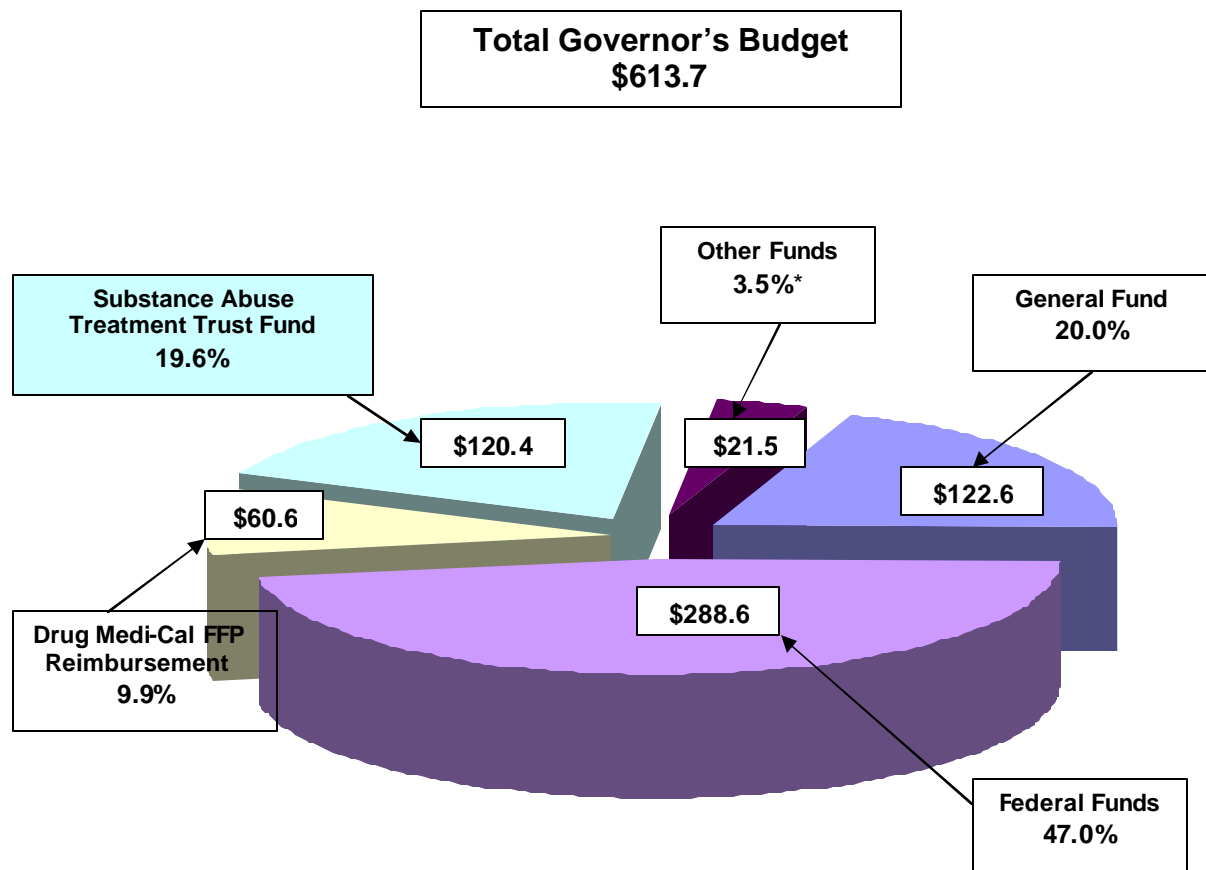


**EXHIBIT B**

**Department of Alcohol and Drug Programs  
Governor's Budget  
Fiscal Year 2005-06**

**Budget By Fund Source**

(\$ In Millions)



\* "OTHER FUNDS" INCLUDES: DRIVING-UNDER-THE-INFLUENCE LICENSING TRUST FUND, NARCOTIC TREATMENT PROGRAM LICENSING TRUST FUND, AUDIT REPAYMENT TRUST FUND, INDIAN GAMING SPECIAL DISTRIBUTION FUND, RESIDENT-RUN HOUSING REVOLVING FUND, THE DEPARTMENT OF CORRECTIONS REIMBURSEMENT CONTRACT, AND OTHER MISCELLANEOUS REIMBURSEMENT AUTHORITY.



**EXHIBIT C**  
**Department of Alcohol and Drug Programs**  
**Governor's Budget**  
**FISCAL YEAR 2005-06**  
**(\$ IN THOUSANDS)**

FUNDING SOURCE	CATEGORY		TOTAL BUDGETED EXPENDITURES	% of TOTAL EXPENDITURES
	SUPPORT	LOCAL ASSISTANCE		
<b>General Fund</b>	<b>\$5,195</b>	<b>\$117,435</b>	<b>\$122,630</b>	<b>19.98%</b>
Non-Drug Medi-Cal Regular	\$413	\$5,768	\$6,181	1.01%
Non-Drug Medi-Cal Perinatal	\$0	\$23,457	\$23,457	3.82%
Drug Medi-Cal Regular	\$3,316	\$61,489	\$64,805	10.56%
Drug Medi-Cal Perinatal	\$216	\$1,346	\$1,562	0.25%
HIPAA	\$831	\$0	\$831	0.14%
Drug Court Partnership Act	\$244	\$7,600	\$7,844	1.28%
Comprehensive Drug Court Implementation Act	\$175	\$8,875	\$9,050	1.47%
Parolee Services	\$0	\$8,900	\$8,900	1.45%
<b>Substance Abuse Treatment Trust Fund (Prop 36)</b>	<b>\$3,860</b>	<b>\$116,514</b>	<b>\$120,374</b>	<b>19.62%</b>
<b>Driving-Under-the-Influence Program Licensing Trust Fund</b>	<b>\$1,601</b>	<b>\$0</b>	<b>\$1,601</b>	<b>0.26%</b>
<b>Narcotic Treatment Program Licensing Trust Fund</b>	<b>\$1,321</b>	<b>\$0</b>	<b>\$1,321</b>	<b>0.22%</b>
<b>Indian Gaming Special Distribution Fund</b>	<b>\$3,040</b>	<b>\$0</b>	<b>\$3,040</b>	<b>0.50%</b>
<b>Audit Repayment Trust Fund</b>	<b>\$67</b>	<b>\$0</b>	<b>\$67</b>	<b>0.01%</b>
<b>Federal Trust Fund</b>	<b>\$22,931</b>	<b>\$265,667</b>	<b>\$288,598</b>	<b>47.03%</b>
Substance Abuse Block Grant	\$20,527	\$241,839	\$262,366	42.75%
Sale of Tobacco to Minors Control Account (SAPT)	-\$2,000	\$0	-\$2,000	-0.32%
Safe and Drug Free School	\$2,079	\$10,329	\$12,408	2.02%
Uniform Data Systems	\$321	\$0	\$321	0.05%
State Data Infrastructure Grant	\$100	\$0	\$100	0.02%
State Incentive Grant	\$600	\$3,400	\$4,000	0.65%
Access to Recovery Grant	\$1,208	\$6,384	\$7,592	1.24%
Ecstasy Grant	\$20	\$272	\$292	0.05%
SBIRT Grant	\$76	\$3,443	\$3,519	0.57%
<b>Resident Run Housing Revolving Fund</b>	<b>\$0</b>	<b>\$39</b>	<b>\$39</b>	<b>0.01%</b>
<b>Reimbursements</b>	<b>\$5,410</b>	<b>\$70,597</b>	<b>\$76,007</b>	<b>12.39%</b>
DSS: Substance Abuse Svs. For Indian Health Clinics	\$165	\$1,943	\$2,108	0.34%
DSS: Dependency Drug Court	\$0	\$900	\$900	0.15%
Drug Medi-Cal Regular	\$3,316	\$54,756	\$58,072	9.46%
Drug Medi-Cal Perinatal	\$216	\$1,346	\$1,562	0.25%
HIPAA	\$960	\$0	\$960	0.16%
CDC: Parolee Services Network	\$505	\$10,700	\$11,205	1.83%
Other	\$248	\$952	\$1,200	0.20%
<b>TOTALS</b>	<b>\$43,425</b>	<b>\$570,252</b>	<b>\$613,677</b>	<b>100.00%</b>